

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION PARTNERSHIP BUSINESS PROFITS TAX RETURN

For the CALENDAR year 2010 or other taxable period beginning and ending SEQUENCE #4A

Due date for CALENDAR year filers is on or before April 18, 2011 or the 15th day of the 4th month after the close of the taxable period.

WERE ANY DISTRIBUTIONS MADE TO NEW HAMPSHIRE PARTNERS? Yes No

YOU ARE REQUIRED TO FILE THIS FORM IF GROSS BUSINESS INCOME WAS GREATER THAN \$50,000.

STEP 1 Print or Type NAME OF PARTNERSHIP OR LLC FEDERAL EMPLOYER IDENTIFICATION NUMBER OR DEPARTMENT IDENTIFICATION NUMBER

STEP 2 Figure Your Tax

1 INCOME AND DEDUCTIONS (See instructions) SCH R IRC RECONCILIATION (a) Ordinary income (loss) from trade or business activities 1(a) (b) Net income (loss) from rental real estate activities 1(b) (c) Net income (loss) from other rental activities 1(c) (d) Income (loss) 1(d) (e) Guaranteed payments to partners 1(e) (f) Other income or (loss) from partnership activities NOT INCLUDED in Lines 1(a) through 1(e) above 1(f) (g) Partnership deductions from Federal Form 1065, Schedule K, 1(g) (h) TOTAL [Combine Lines 1(a) through 1(g)] 1(h) 2 NET GAIN (LOSS) FROM SALE OF ASSETS (See instructions) Attach schedule if additional space is needed. Description of Property Gain (Loss) (a) (b) (c) TOTAL GAIN (LOSS) FROM SALE OF ASSETS [Combine Lines 2(a) and 2(b)] 2(c) 3 INSTALLMENT GAIN (LOSS) Attach schedule if additional space is needed. Date of Original Sale Description of Property Gain (Loss) (a) (b) (c) TOTAL INSTALLMENT GAIN (LOSS) [Combine Lines 3(a) and 3(b)] 3(c) 4 Separate entity and other items of income and expense not allowed on this form (attach schedule) ..4 5 GROSS BUSINESS PROFITS Line 1(h) adjusted by Lines 2(c), 3(c) and 4. (See instructions) ..5 6 NEW HAMPSHIRE ADDITIONS AND DEDUCTIONS (See worksheet and instructions) (a) Add back income taxes or franchise taxes measured by income 6(a) (b) New Hampshire Net Operating Loss Deduction (Attach Form DP-132) 6(b) (c) Interest on direct US obligations 6(c) (d) Wage adjustment required by IRC Section 280C 6(d) (e) Add back expenses related to income exempt under federal constitutional law. 6(e) (f) Add the amount of increase in the basis of assets which was due to the sale or exchange of interest in the partnership (RSA 77-A:4, XIV) 6(f) (g) Interest and dividends subject to tax under RSA 77 (for taxable periods ending on or after 12/31/10) ..6(g) Did you file Form DP-10? Yes No (h) Add back return of capital received from a Qualified Investment Capital Company6(h) (i) Compensation deduction for personal services (See worksheet & instructions).....6(i) (j) Other additions and deductions required by RSA 77-A:4 (Attach schedule)6(j) (k) TOTAL ADDITIONS AND DEDUCTIONS [Combine Lines 6(a) through 6(j)].....6(k) 7 Adjusted Gross Business Profits Line 5 adjusted by Line 6(k). [If negative, show in parenthesis eg.(50)]..... 7 8 New Hampshire Apportionment (Form DP-80, Line 5. Express as a decimal to 6 places) 8 9 New Hampshire Taxable Business Profits (Line 7 x Line 8) 9 10 New Hampshire Business Profits Tax (Line 9 x 8.5%).....10

STEP 3 Figure Your Credits

11 Credits allowed under RSA 77-A:5 as shown on Form DP-16011 12 Subtotal (Line 10 minus Line 11)12 13 New Hampshire Business Enterprise Tax Credit (See instructions)13 14 New Hampshire Business Enterprise Tax Credit to be applied against Business Profits Tax (Enter the lesser of Line 12 or Line 13. See instructions)14 15 New Hampshire Business Profits Tax Net of Statutory Credits (Line 12 minus Line 14)..... 15

ENTER THE AMOUNT FROM LINE 15 ON LINE 1(b) OF THE BUSINESS TAX SUMMARY. THIS RETURN MUST BE FILED WITH THE BT-SUMMARY AND ALL APPLICABLE FEDERAL SCHEDULES.



NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION
PARTNERSHIP BUSINESS PROFITS TAX RETURN
FORM NH-1065 INSTRUCTIONS

FEDERAL 1065-B FILERS

Taxpayers who file a 1065-B, U.S. Return of Income for Electing Large Partnerships, should follow the line descriptions and NOT the line cites. If you have questions about what items should be included or where, call Central Taxpayer Services at (603) 271-2191.

STEP 1: NAME & IDENTIFICATION NUMBER

At the top of the return enter the beginning and ending dates of the taxable period if different from the calendar year.

Indicate if any distributions were made to New Hampshire partners by checking the appropriate box.

PRINT the partnership's name or LLC, Federal Employer Identification Number (FEIN), or Department Identification Number (DIN). Wherever FEINs are required, taxpayers who have been issued a DIN, shall use their DIN only, and not FEIN.

STEP 2: FIGURE YOUR TAX

SCHEDULE R

Taxpayers must file their New Hampshire Business Tax returns using the provision of the IRC in effect on **December 31, 2000**. Check the IRC Reconciliation box and complete the Schedule R for each separate activity.

If in any period you took any IRC Section 179 deductions for assets placed in service after December 31, 2000 or any bonus depreciation deductions for assets acquired and placed in service after September 10, 2001, you must use the Schedule R Business Profits Tax Reconciliation of New Hampshire Gross Business Profits to calculate amounts to enter in Lines 1(a), 1(b), 1(c), 1(f), Line 2 and Line 3.

LINE 1: INCOME AND DEDUCTIONS

- (a) Enter the amount of ordinary income (loss) from trade or business activities from the Federal Form 1065, Page 1.
- (b) Enter the amount of net income (loss) from rental real estate activities from Federal Form 1065, Schedule K.
- (c) Enter the amount of net income (loss) from other rental activities from Federal Form 1065, Schedule K.
- (d) Enter the total amount of interest, dividend, royalty or other income (loss) from Federal Form 1065, Schedule K.
- (e) Enter the amount of guaranteed payments to partners from Federal Form 1065, page 1.
- (f) Enter the amount of income (loss) from any partnership activities which have **NOT BEEN INCLUDED** in Lines 1 (a) through 1(e) of this return. Attach supporting schedule.
- (g) Enter the amount of partnership deductions which are deducted on Federal Form 1065, Schedule K.
- (h) Enter the total of Lines 1(a) through 1(g).

LINE 2: NET GAIN (LOSS) FROM SALE OF ASSETS

Enter a complete description of any property sold on a non-installment basis, including the address if the property was real estate. Report the gain or loss on the sale without the effects of federal passive loss limitation rules. Do not include any ordinary income or loss from the sale of the assets that was already included in Line 1 of NH-1065. If a loss, show in parenthesis, e.g. (\$50).

If there were any sales of assets on which additional IRC Section 179 deductions were reported in any year and/or for which bonus depreciation was reported in any year, you must use the Schedule R for Non-Corporate Business Profits Tax reconciliation of New Hampshire Gross Business Profits to determine the amounts to include here for those assets.

LINE 3: INSTALLMENT GAIN (LOSS)

Taxpayers who are reporting the sale of business assets on the installment basis for federal tax purposes must also use the installment method on Form NH-1065. Enter the original date of the sale. Report the installment gain (loss) received this year without the effects of federal passive loss limitation rules. Do not include any ordinary income (loss) from the

installment sale of assets that was already included in Line 1 of NH-1065. If a loss, show in parenthesis, e.g. (\$50). If there were any installment sales of assets on which additional IRC Section 179 deductions were reported in any year and/or for which bonus depreciation was reported in any year, you must use the Schedule R for Non-Corporate Business Profits Tax Reconciliation of New Hampshire Gross Business Profits to determine the amounts to include here for those assets.

Under certain conditions, an election can be made by using Form DP-95 to report the entire gain in the year of sale. Form DP-95 may be obtained by accessing our web site at www.nh.gov/revenue or by contacting the forms line at (603) 271-2192. Taxpayers who have sold business or rental property on the installment basis will be considered a business organization until all the installments have been reported and the total tax paid. The partnership MUST file a return every year, regardless of the amount of installments, if the sales price exceeded \$50,000 for tax years ending July 1, 1993 and after. If you need additional space, attach a schedule.

LINE 4: SEPARATE ENTITY ADJUSTMENT

Enter the amounts which arise from the necessity of adjusting gross business profits to accommodate the New Hampshire requirement of separate entity treatment of business organizations. This would include the partnership's share of another partnership's activity in which it is a partner as reported on Lines 1(a) through 3(c). Attach a separate schedule detailing the amount and type of adjustments.

LINE 5: GROSS BUSINESS PROFITS TAX

Combine Lines 1(h), 2(c), 3(c) and 4. If a loss, show dollar amount in parenthesis, e.g., (\$50).

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION
PARTNERSHIP BUSINESS PROFITS TAX RETURN
FORM NH-1065 INSTRUCTIONS (continued)

STEP 2 (continued)

LINE 6: NEW HAMPSHIRE ADDITIONS AND DEDUCTIONS

- (a) Enter the total New Hampshire Business Profits Tax and any income tax, franchise tax measured by net income or capital stock tax assessed by any state or political subdivision that was deducted on this year's federal return. Attach a schedule of taxes by state. Do not include the New Hampshire Business Enterprise Tax liability in this amount. Include foreign taxes based on income as reported on your federal Schedule K.
- (b) Enter the amount of carryforward loss available as shown on Line 11 of Form DP-132. **Form DP-132** must be attached to the return.
- (c) Enter the amount of gross business profits as is attributable to income derived from non-taxable interest on notes, bonds or other direct securities of the United States Government.
- (d) Enter the amount of jobs credit (IRC Section 280C) deducted on this year's federal return.
- (e) Expenses paid or incurred that relate to the excluded income portion must be added back here.
- (f) If the basis of any underlying assets was increased due to a transfer or sale of the interest or beneficial interest of the partnership, then enter the amount of the net increase in the assets. (The increase in the basis of assets is determined by the IRC as defined in RSA 77-A:1, XX).
- (g) For tax periods ending on or after 12/31/10, partnerships are subject to tax under RSA 77. Distributions to New Hampshire partners will not be subject to tax under RSA 77 for taxable periods ending on or after 12/31/10.
- (h) Enter an addition equal to any return of capital previously taken as a deduction as a capital contribution made prior to 5/24/04 to a Qualified Investment Capital Company if such return of capital is received within 3 taxable periods after the taxable period in which it was deducted.
- (i) Compensation deduction for personal services (see personal worksheet).
Enter the value of the services performed by the partners during the taxable period. The deduction is available only for the services of natural persons. Corporate partners or other entities which are partners are not natural persons. The deduction is allowed only for the partners who actually render personal services to the business.

A business organization may utilize comparative compensation data from business organizations of similar size, volume and complexity from industry statistics or from publications such as the most current editions of the Occupational Outlook Handbook published by the US Department of Labor Statistics and available at www.bls.gov and the NH Wages and Benefits published by the NH Department of Employment Security and available at www.nhes.state.nh.us, as a reference point. The partnership must maintain adequate records to substantiate the activities performed by each partner and the methods used to determine the rate of compensation for such activities.

- (j) Enter the amount of other additions and deductions required by RSA 77-A:4. Attach a Schedule.
- (k) Enter the total of Lines 6(a) through 6(j).

LINE 7: ADJUSTED GROSS BUSINESS PROFITS

Enter the total of Line 5 as adjusted by Line 6(k).

LINE 8: NEW HAMPSHIRE APPORTIONMENT

Partnerships which have business activity both inside and outside New Hampshire AND which are subject to income taxes, a franchise tax measured by net income or capital stock tax in another state, or is subject to the jurisdiction of another state to impose a net income tax or capital stock tax upon it, whether or not actually imposed by the other state, must apportion their gross business profits to New Hampshire by using Form DP-80, Apportionment of Income. Form DP-80 may be obtained by accessing our web site at www.nh.gov/revenue or by calling (603) 271-2192. After completing Form DP-80, enter the apportionment percentage on Line 8 of your Form NH-1065. Show to six decimal places. **All others enter 1.00 on Line 8.**

LINE 9

Enter the product of Line 7 multiplied by Line 8. **If negative, enter zero.**

LINE 10

Enter the product of Line 9 multiplied by 8.5%.

STEP 3: FIGURE YOUR CREDITS

LINE 11: Enter the amount of credits allowed under RSA 77-A:5, as shown on Form DP-160. **Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 12. DO NOT INCLUDE THE BET CREDIT ON THIS LINE.**

LINE 12

Enter the amount of Line 10 minus Line 11

LINE 13

Business Enterprise Tax paid shall be applied as a credit against Business Profits Tax. Any unused portion of the credit may be carried forward and allowed against Business Profits Tax due for up to 5 taxable periods from the period in which the Business Enterprise Tax was paid. To calculate the BET credit to be applied against this year's Business Profits Tax, complete the BET Credit Worksheet.

LINE 14

Enter the lesser amount of Line 12 or Line 13. If Line 13 is greater than Line 12, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current taxable periods Business Enterprise Tax Credit may be carried forward and credited against any Business Profits Tax due in a subsequent taxable period.

LINE 15

Enter the amount of Line 12 minus Line 14.

ENTER THE AMOUNT FROM LINE 15 ON LINE 1(b) OF THE BT-SUMMARY AND ATTACH ALL APPLICABLE FEDERAL SCHEDULES.